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## INTERVIEW

# Innovation and adaptation: Continuing the Infosys journey

## In conversation with S. D. Shibulal, Co-founder, CEO & Managing Director, Infosys

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**Abstract** The IT services sector has helped establish India as a major player in the provision of world-class technology solutions and business services. However, global economic shifts, intensifying competition, and changing industry dynamics have posed challenges for companies in this sector. This article summarises the current state of the software and services industry and the challenges faced by its major players, especially those headquartered in India but with a substantial global presence. It then presents an interview with S. D. Shibulal, Co-founder, CEO & Managing Director of Infosys, one of the most successful and widely celebrated Indian companies. Mr. Shibulal elaborates on the company's ability to sustain its founding values and strategic direction during a period of change and adaptation. The article and the interview provide several important lessons for business leaders everywhere in transforming their organisations while retaining their core values.

**Context note****Global software and services industry**

The global software and services industry has become one of the most dynamic and fast-growing industries. The

industry had aggregate revenues of US\$ 2596 billion in 2012, recording a 4.8% compound annual growth rate over the period 2008–2012 (Table 1). It comprises three major sectors: software (12%), information technology (IT) services (48%), and Internet software and services (40%) (Table 2). Geographically, about 36% of the industry's revenues originate from the Americas, with Asia–Pacific and Europe accounting for 30% and 25%, respectively (Table 3) (MarketLine, 2013).

The large size and global scale of the industry has attracted several players with different strategies and capabilities. The top five global players by services revenues are: IBM, Hewlett–Packard, Fujitsu, SAP, and Accenture.

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**Table 1** Global software and services industry value: US\$ billions, 2008–2012.

Year	US\$ billion	% Growth
2008	2149	—
2009	2158	0.4
2010	2313	7.2
2011	2483	7.3
2012	2596	4.6
CAGR 2008–2012		4.8

Source: [MarketLine \(2013\)](#). Global Software & Services: Industry Profile, [www.marketline.com](http://www.marketline.com)

However, a large part of the growth in this industry over the last two decades is attributable to the rapid rise of several players based in India, many of whom rank among the top 15 global players in the software and services industry.

### Software and services industry in India

The software and services industry is widely credited for positively shifting the global perception of India, a shift that was connected with the country's transition from a predominantly agriculture-based economy to a knowledge-based one ([FICCI, 2014](#)). The IT services sector has helped transform India into a major player in the provision of world-class technology solutions and business services. Indeed, the industry generated aggregate revenues of US\$ 88 billion in 2011 (67% of these come from exports of IT services), and created job opportunities for over 2.5 million people ([FICCI, 2014](#)). Major players in this industry include TCS, Infosys, Cognizant, Wipro, and HCL. These companies have built strong capabilities to compete in the global IT-services arena via delivering cost efficiencies, high performance, and high quality standards to their clients. Infosys, in particular, has been globally acknowledged for its innovative approach that leveraged the company's key capabilities and visionary leadership to deliver high value, end-to-end services to its clients.

### Infosys—company background

Infosys was founded in Pune, India in 1981 by seven engineers with a starting capital of just US\$ 250. The company soon moved its headquarters to Bangalore, and quickly evolved from an outsourcing services provider into an end-to-end services organisation. It listed on NASDAQ in 1999 and was the first Indian company to adopt USA GAAP

**Table 2** Global software and services industry category segmentation: US\$ billions, 2012.

Sector	2012	%
Information technology services (IT)	1254.30	48.3
Internet software and services	1047.30	40.3
Software	294.40	11.4
Total	2596.00	100.0

Source: [MarketLine \(2013\)](#). Global Software & Services: Industry Profile, [www.marketline.com](http://www.marketline.com)

**Table 3** Global software and services industry geographical segmentation: US\$ billions, 2012.

Geography	2012	%
Americas	940.8	36.2
Asia-Pacific	785	30.2
Europe	654.7	25.2
RoW (Rest of the World)	215.5	8.3
Total	2596	100

Source: [MarketLine \(2013\)](#). Global Software & Services: Industry Profile, [www.marketline.com](http://www.marketline.com)

standards as a means to reassure its global clients of its intended transparency in corporate affairs ([Khanna, 2008](#), pp. 1–25). In 2001 Infosys was voted the best managed company in Asia in the IT sector. In 2012, it became the first Indian IT company to list on the NYSE and was ranked among the world's most innovative enterprises by Forbes magazine. By 2013, Infosys had a worldwide presence across 32 countries. It had over 70 offices across the United States, India, China, Australia, Japan, the Middle East, and Europe, and employed more than 160,000 people ([Infosys, 2014](#)). The company's rapid growth and success was grounded in its commitment to uphold the founding values and its disciplined strategic approach, discussed below.

### Infosys' strategic approach<sup>2</sup>

Recognising that technology will become ubiquitous and globalisation a powerful competitive driver ([Gupta & Shapiro, 2014](#)), Infosys founders developed a long term vision for the company based on a few building blocks. The company has never drifted away from its founding principles, which have been instrumental in Infosys' successful journey through several phases and challenges.

First, Infosys was "born global", and it has become even more so over the years. From the beginning, the company focussed on the largest and the most competitive markets. Its first clients were US-based which clearly demonstrated its global focus rather than the traditional route of establishing a strong domestic base first. While this was uncommon for an emerging market enterprise, Infosys' founders recognised that significant growth could only be attainable through establishing international presence and reputation.

Second, Infosys has stayed true to its mission of being a "globally respected corporation". The company culture instils not only compliance-driven but also a values-driven corporate behaviour. It stresses adherence to local regulations as well as international standards and guidelines, while delivering value to all stakeholders—employees, clients, investors, community, and partners. Infosys summarises its values-system as "C-LIFE": Client value, Leadership by example, Integrity and transparency, Fairness, and Excellence ([Table 4](#)).

Third, Infosys stresses the importance of investing in human capital, recruiting and retaining the best available talent worldwide, choosing long-term over short-term progress, and faithfully serving its stakeholders. The company's Global Education Centre in Mysore covers an area over 1.4 million sq. ft. and can train 14,000 trainees at a

**Table 4** Infosys value system.

C: Client value	To surpass client expectations consistently
L: Leadership by example	To set standards in our business and transactions and be an exemplar for the industry and ourselves
I: Integrity and transparency	To be ethical, sincere, and open in all our transactions
F: Fairness	To be objective and transaction-oriented, and thereby earn trust and respect
E: Excellence	To strive relentlessly, constantly improve ourselves, our teams, our services, and products to become the best

Source: [www.infosys.com](http://www.infosys.com) and personal interviews.

time. This commitment helped the company keep its focus on quality and client value, rather than compete only on price.

Fourth, Infosys relies extensively on strategic partnerships for co-creation and co-evolution (Gupta & Shapiro, 2014). The former refers to engaging clients and partners in the creation of intellectually driven business solutions. The latter entails working with clients closely to project future trends and challenges, and developing solutions that help both its clients and the company itself adapt.

These guiding principles have shaped the company's journey through three phases (see Table 5 for a summary). Infosys 1.0 pioneered the company's Global Delivery Model (GDM) (Table 6). The GDM development has been transformational as it enabled the company to deliver software services around the world and desegregate business activities into those carried out offshore (in India or other global delivery centres the company has around the world) and those conducted at the client's premises (Khanna, 2008, pp. 1–25). The GDM allowed the company to leverage global capacity, resources and strengths, thus delivering superior customer service and achieving higher levels of client proximity (Kumar, Mohapatra, & Chandrasekhar, 2009). During this phase, the company also invested heavily in education and training infrastructure, adopted global quality standards, and made significant commitment to expanding its R&D capabilities (Gupta & Shapiro, 2014).

Infosys 2.0 concentrated on strengthening the company's relations with clients, diversifying its service offerings, and expanding its global footprint. The company significantly expanded its capabilities to become a true end-to-end services provider: with 38% of the revenue from its traditional Application Development and Maintenance segment, 31% from Consulting and System Integration (CSI), and the rest from other activities such as business process management and engineering. The company also diversified geographically: from an almost exclusive reliance on the US market at the end of 1.0 phase, the company had a more balanced revenue-split at the end of 2.0 phase: 63.4% US, 21.9% Europe and 12.6% rest of the world (Gupta & Shapiro, 2014).

Infosys 3.0 was launched in 2011, and was geared towards making the company much more client focussed

along three dimensions: Value, Relevancy, and Strategic Partnerships. At the heart of this initiative was a strategic framework called "Building Tomorrow's Enterprise" (BTE). The framework identifies seven themes, which Infosys perceived as being key to delivering client value for the emerging future. Infosys aims to use BTE as a guide to internal investment and innovation priorities, in order to develop business solutions across the seven themes to deliver better client value (see Gupta & Shapiro, 2014 for details). Moreover, the strategy envisioned a balanced portfolio across business segments as well as geographically. In particular, the company aimed to achieve a significant portion of future revenues from the Products and Platforms space, co-creating value for clients based on intellectual-property driven solutions, thus differentiating itself further from the traditional application development and maintenance segment which was becoming more competitive and commoditised.

### Challenges in the IT services sector

Changes in the global economic landscape, technology and customer preferences impose several challenges for players in the IT services sector as parts of the sector get commoditised and more competitive. Many observers have argued that to manage diverse client expectations, IT service providers need to re-invent themselves, deliver innovations in their business models, differentiate, and engage in strategically viable partnerships. Additionally, IT companies face internal challenges that pertain to their ability to maintain a reliable reputation, retain staff with the appropriate technical knowledge and expertise, and build capabilities to mitigate rivalry, retain clients, and erect barriers to entry (MarketLine, 2013).

### Infosys: continuing the journey


The interview presented in the next section took place in the context described above. In this interview, Mr. S.D. Shibulal, Infosys' Co-founder, CEO and Managing Director,<sup>1</sup> assesses the challenges facing the company and the industry, and provides a detailed account of how Infosys is continuing its journey of change and adaptation by leveraging its strong market position, robust product and services portfolio, timely acquisition strategy, and continuous focus on co-creation and co-evolution.

Infosys' core offerings remain in three areas: Business and IT Services (BITS), Consulting and Systems Integration (CSI), and Products, Platforms, and Solutions (PPS). As Mr. Shibulal explains, the company is taking aggressive steps to strengthen its position in all three segments. In BITS

<sup>1</sup> The interview took place on Dec 20, 2013. In June 2014, Infosys announced a new CEO and Managing Director, Mr. Vishal Sikka to take over from Mr. Shibulal effective Aug 1, 2014.

<sup>2</sup> Infosys' current CEO, Mr. S. D. Shibulal summarised Infosys' strategic approach and the company's journey from "Infosys 1.0" to "Infosys 3.0" in a recent interview (see Gupta & Shapiro, 2014). This section summarises the issues discussed in that interview. The current interview, presented in Section In Conversation with S. D. Shibulal, Co-founder, CEO & Managing Director, Infosys, further clarifies and expands on strategic initiatives at Infosys.

**Table 5** The Infosys journey.

	Infosys 1.0 (1981–1996)	Infosys 2.0 (1996–2011)	Infosys 3.0 <sup>a</sup> (2011–)
Vision	To be a globally respected corporation		
Strategic focus	People; Quality; Infrastructure Value; Relevancy; Partnerships		
Major innovation	Global Delivery Model	End-to-end service provider capabilities	<ul style="list-style-type: none"> <li>* A framework for co-creation &amp; innovation (“Building Tomorrow’s Enterprise”)</li> <li>* Re-configuring the global delivery model to enhance client relevance and value</li> </ul>
Major strategic challenges	Establishing credibility with clients in developed markets	<ul style="list-style-type: none"> <li>* Diversifying revenue segments &amp; geographical market composition</li> <li>* Maintain client relevancy</li> </ul>	<ul style="list-style-type: none"> <li>* Global financial crisis, particularly in developed markets</li> <li>* Intensifying competition and commoditisation in segments</li> <li>* Global talent recruitment and retention</li> <li>* Developing capabilities in intellectual property driven products and platforms</li> </ul>
Revenue segments <sup>b</sup>	ADM: 98%	<ul style="list-style-type: none"> <li>* ADM: 38%</li> <li>* CSI: 31%</li> <li>* Others: 25–34%</li> </ul>	<ul style="list-style-type: none"> <li>A balanced portfolio:</li> <li>* Products, Platforms &amp; Solutions</li> <li>* CSI</li> <li>* BITS</li> </ul>
Market segments	US: 98%	<ul style="list-style-type: none"> <li>North America: 63%</li> <li>Europe: 22%</li> <li>Rest of the World: 10%</li> </ul>	<ul style="list-style-type: none"> <li>A balanced portfolio:</li> <li>* Rest of the World, particularly growth markets</li> <li>* North America</li> <li>* Europe</li> </ul>

<sup>a</sup> Goals and projections.

<sup>b</sup> ADM: Application Development and Maintenance; CSI: Consulting and Systems Integration; Others: Infrastructure management, independent validations, business process management & engineering.

Source: [www.infosys.com](http://www.infosys.com) and personal interviews.

**Table 6** Infosys Global Delivery Model (GDM).

GDM components	Description
Processes	Infosys relies on processes to consistently deliver high quality solutions while executing engagements from multiple locations
Quality	Quality is ensured across all our processes, interfaces and outputs—in management, core and support processes. It helps Infosys deliver long-term excellence, and ultimately, predictability of returns
Tools	The practice project management philosophy of Infosys is bolstered by the use of robust tools. Infosys keeps the largest and most complex projects on track with the following tools: integrated project management, process database, InFlux, <sup>a</sup> and PRISM <sup>b</sup>
Knowledge management	Infosys provides end-to-end workforce collaboration and knowledge management services including Knowledge Management Process Consulting, Collaboration and Knowledge Management Applications, Portals, Content Management, Document Management, Enterprise Application Integration, Security, and Workflow
Program management	Infosys' project management and project quality processes are strengthened by the use of a variety of custom-built as well as third party tools, which help manage the complexities of the Global Delivery Model (GDM)
Risk mitigation	A detailed plan for risk identification, monitoring, and mitigation is a part of project planning. Infosys' risk identification plan covers risk identification, prioritisation, and mitigation options

<sup>a</sup> InFlux is the Infosys methodology used to define effective IT solutions for enterprise initiatives.

<sup>b</sup> Project reviews by Infosys senior management (PRISM) is a Web-based intranet tool to automate the workflow for reviews, in line with engagement schedules and plans.

Source: [www.infosys.com](http://www.infosys.com) (Global Delivery Model), Own depiction.

(Infosys' core segment), the company has expanded its efforts to secure large outsourcing deals. In 2012, Infosys closed a deal with Harley-Davidson (Infosys, 2012), described as an "ecosystem deal" that includes a range of technology services such as applications management, infrastructure support and hosting services. Infosys sees such deals as long-term partnerships that "combine execution with innovation", for example through an innovation fund where both parties contribute resources and capabilities to develop long-term innovative solutions.

Although Infosys has traditionally favoured organic growth, management recognises the importance of strategic acquisitions in targeted areas to enhance knowledge-spanning capabilities and/or to extend the company's reach into other domains. In the CSI space, Infosys acquired Lodestone Holding AG<sup>3</sup> in 2012. With this acquisition, Infosys' objective is to extend its reach into higher value segments and foster a stronger presence in strategic European markets. Infosys will operate Lodestone as an independent entity within its corporate structure and envisions this entity as a global management consultancy committed to delivering and designing solutions that "enable international organisations to thrive in today's complex business environment" (InfosysLodestone, 2012).

Mr. Shibulal further stresses that co-creation and co-evolution remain major strategic pillars for the company even under turbulent economic conditions. This emphasis is most evident in the Products, Platforms, and Solutions segment. In the past year, Infosys has launched multiple platforms and booked nearly US\$ 900 million of contract value on its PPS space. Some of these platforms have been

co-created with clients and partners. Examples are its most recently released platform — TradeEdge, that has been co-created with P&G; BrandEdge, co-created with Fabric; and WalletEdge, launched in partnership with Bharti Airtel (see Table 7 for a summary of various platforms).

The overarching message Mr. Shibulal conveys in this conversation is the importance of adaptation and change in response to internal and environmental challenges, while upholding the core beliefs and principles that made the organisation successful. It is an important lesson for leaders anywhere.

### In Conversation with S. D. Shibulal, Co-founder, CEO & Managing Director, Infosys<sup>4</sup>

**Sudheer Gupta (SG):** Thank you for agreeing to follow up on our conversation last year.<sup>5</sup> In that conversation, you described the Infosys journey from 1.0 to 3.0, and expanded on the transformation that has happened, and will need to happen, in response to challenges in the external environment. How is that journey progressing? Are there any major changes in strategy?

**S. D. Shibulal (SDS):** Transforming large organisations is never easy. It's like changing the engine of a large aircraft mid-flight. It creates turbulence. In the backdrop of challenging macro-economic environments, the transformation becomes more complex. But, we have continued our journey. We continue to have three offerings: Business and IT Services (BITS), Consulting and Systems Integration (CSI), and Products, Platforms and Solutions (PPS).

<sup>3</sup> Lodestone Holding AG is headquartered in Zurich, Switzerland and advises international companies on strategy and process optimisation. It further provides business transformation solutions enabled by SAP.

<sup>4</sup> The following interview took place on December 20, 2013 at Infosys headquarters in Bangalore, India.

<sup>5</sup> See Gupta and Shapiro (2014) for details of the earlier conversation.



In the CSI space, we have gained substantial traction over the last year. We acquired Lodestone AG, a Zurich headquartered global consulting firm. This not only strengthened our Europe presence but also helped us get closer to our aspired threshold of 33% from our CSI space. We had a strong presence in the US and now we have strengthened our presence in continental Europe. We will continue to expand.

In the PPS space, we have launched multiple platforms. As recently as about a week back, we launched TradeEdge which has approximately 10 clients. Platforms can be considered truly successful when they have multi-tenancies. Many of our platforms have multi-tenancies. Moreover, in about two years of our journey on the PPS path, we have close to \$800 million in total contract value (TCV). These early successes are truly encouraging.

Revenue booking and the revenue realisation curve is very different in the platform space. In the service space, even a multi-year, large outsourcing deal (typically five year contracts) starts generating revenues with minimal lag. In the platforms space however, deals can potentially be structured over a 10-year period and revenue realisation happens with a lag. So, the journey is continuing. We have learnt how to advance our platforms, and our clients are accepting it—many of our existing clients have now become users of our platforms.

**SG:** What part of the revenue is now in Products and Platforms?

**SDS:** Including Finacle, our flagship universal banking product, we derive about 6% of our revenues from the PPS space.

**SG:** If we take the example of Harley as an eco-system deal, how would you work with a partner like Harley to transform and create greater value for Infosys and clients?

**SDS:** The Harley-Davidson deal is a good example of a *run-and-transform* deal. It involves taking over and running the client's operations and building the eco-system to transform and deliver enormous value to them over a period of time. Innovation is delivered in parallel. Our partnership with Harley-Davidson therefore is very unique. We have set up an innovation fund as part of this relationship. Both Infosys and Harley-Davidson jointly contribute to the innovation fund. This is a reflection of the trust and commitment to innovation that is mutually shared. This is where our seven-theme innovation framework (Building Tomorrow's Enterprise) is playing a crucial role. We are partnering with Harley-Davidson along multiple themes to jointly drive innovation within their organisation.

This is also an example of how the BTE framework continues to be relevant. We make investments in various themes at the appropriate time. These are driven by available opportunities and client requirements.

**SG:** Right, so what are the new products and platforms that you might end up developing beyond, let's say, Finacle and TradeEdge?

**SDS:** We have five flagship products under the Edge suite of offerings—AssistEdge (customer service experience), BrandEdge (digital marketing), InteractEdge (digital commerce), ProcureEdge (sourcing & procurement) and TradeEdge (distributive trade). The underlying technologies in these include SAP and Oracle. In addition, we also have

WalletEdge, which is a financial inclusion platform particularly for emerging market countries such as India.<sup>6</sup>

**SG:** And all of them link back to the core themes you described under BTE initiative?

**SDS:** Yes.

**SG:** The revenue from these platforms is still small but you expect them to grow?

**SDS:** Yes, and the bookings are growing.

**SG:** By refocussing to some extent on the BITS space, does that make a difference to how you implement the various initiatives in the products and platforms space?

**SDS:** We need some clarity to understand the difference. Close to 63% of our revenue comes from BITS. Given our aspiration to have a service portfolio mix which derives 33% of revenues from each of the three service offerings—BITS, CSI and PPS, the new service offerings like PPS which currently have a smaller revenue base, need to grow many times over to bridge the gap. We strongly believe that for the company to truly grow, all engines (service offerings) need to be firing. The thing to note is that lower base portions would always grow at a higher percentage.

At the heart of all these offerings is client relevance. We are in a relationship-based business and not transaction-based. To succeed, we cannot just choose areas that suit us but those that suit our clients.

**SG:** But part of that business is very competitive. There are many new entrants and part of that space is being commoditised (as we also discussed last year). So, how do you differentiate yourself in that space?

**SDS:** We believe that it is an area where the market determines the price and the organisation determine the cost—not all of it but certainly part of it. So, the challenge then is to differentiate. Differentiation has to be driven combining execution with innovation. So, Harley-Davidson is a good example: an ecosystem play, bringing innovation into the picture, running and transforming their business through innovation and optimisation. And some part of that business will eventually get moved to a platform. So, you have to create a solution which is absolutely relevant to the client and which will also transform their enterprise from where it is today to where the future is.

**SG:** So, is it fair to say then that you are looking at long-term client partnerships in which you will derive efficiencies by implementing IT-based solutions, as well as innovating with new solutions that are relevant to the client, by leveraging your own expertise and merging it with clients' capabilities?

**SDS:** Yes, they are all long-term partnerships. We plan to partner with clients for 10–20 years, so our model has always been relationship-based and continues to be such. To succeed, we have to help our clients run their business well and also help them transform themselves and innovate. However, across service lines, the differentiators are unique. A one-size fits all approach will not bear fruitful results. In BITS for instance, the market is price-sensitive, that means we have to rely on productivity, we have to

<sup>6</sup> The Edge suite of offerings has recently been launched as a wholly owned subsidiary of Infosys, named EdgeVerve Systems Limited. The subsidiary has over 600 team members that operate in a "start-up like environment," based at R&D centres in Bangalore and Pune (see <http://www.infosys.com/edge/>).

**Table 7** Infosys edge/platforms.

Infosys platforms	Partner (creation and/or delivery)	Enterprise component	Year launched	Description
AssistEdge	N/A	Customer service experience	2013	Provides an integrated customer service experience across channels and transforms contact centres from issue resolution centres to revenue generating units
BrandEdge	Fabric	Digital marketing	2012	Improves the efficiency of marketing teams and helps drive deeper customer relationships through effective multichannel conversations
InteractEdge	N/A	Digital commerce	2011	Helps organisations create, manage, and democratise access to content, personalise recommendations of content and products, and provides transaction capability from anywhere and to anyone
TradeEdge	P&G	Demand chain management	2013	A comprehensive business platform that helps global companies grow profitably in emerging markets by rapidly reaching unserved customers, achieving global scale and optimising service levels
ProcureEdge	SAP	Sourcing & procurement	2011	Helps global enterprises realise rapid and sustainable savings in indirect spend while providing significant business benefits across the Source-to-Pay (S2P) life cycle
WalletEdge	Bharti Airtel	Mobile wallet	2013	Provides end-to-end financial ecosystem of consumers, merchants, telcos, banks, government, and enterprises to process payments seamlessly and efficiently

Source: <http://www.infosys.com/edge/>

rely on transformation, we have to create the ecosystem, to take full responsibility. In CSI, it is very capability-based, deep domain expertise led. We require core consulting capability and local capability. Our Lodestone acquisition for instance is meant to supplement our capabilities in Europe. Products, Platforms, and Solutions is very intellectual-property (IP) based. So, you have to apply different strategies.

**SG:** One of the challenges, especially in IP-based solutions, is having access to people who can drive the creation of IP. What is the role of human resources (HR) in the creation of those IP-based solutions, and how do you see your HR policies evolving to recruit and retain the best talent?

**SDS:** Like any large organisation, finding the right HR policy eco-system is an on-going journey. Organisations, including ours, need to consistently evolve to keep pace with the changing times. We need to contextualise policies to suit different business models, geographies and business offerings. For instance, our product engineers and consultants work on different client requirements and business models. They need relevant HR policies and other enabling eco-systems to help them be successful and to keep them motivated. At the same time, today's workforce comes from diverse demographics and mind-sets. We as an organisation are focussed on understanding their needs, to accept their differences, and leverage their strengths.

**SG:** Do you see any changes in the HR policies going forward?

**SDS:** As I mentioned, this is an on-going journey. We are committed to evolving with the changing times and to cater to changing employee and client priorities.

**SG:** There is some speculation in the industry about Infosys 3.0 strategy itself: whether the strategy was misguided or its implementation may have been problematic. What is your perspective on this issue?

**SDS:** Firstly, it is a very complex change. Most service organisations have not attempted this. Secondly, we are trying to make different business models co-exist. What is adding to the complexity is the backdrop of the challenging macro-economic environment in which we are operating today. Such a complex transformation in such challenging times is not easy. However, we are convinced that it is needed for us to survive and thrive. To succeed, we need to drive changes across our organisational structure and leadership, make investments and increase our client interactions, and explain the context of these changes. Such a complex exercise would certainly be time and effort intensive for it to be meaningful and effective.

**SG:** The managerial changes that are happening over the last 3–4 months, are they in any way related to a different strategy going forward?

**SDS:** No, there is more to it than meets the eye. We have a large pool of talent; many of who have been with the organisation for over 25 years. They have different

aspirations and motivations now which may necessitate them to look beyond Infosys and move on. It is part of life and a reality for any organisation. Having said this, we have a very deep talent pool. We have to continue on our journey of hiring, training, and retaining the talent pool which is needed to fulfil our aspirations and also keep us relevant to changing client priorities. Hence, these changes cannot be looked at in isolation from the perspective of strategies. They are a part of the larger organisational journey.

**SG:** In other words there is no Infosys 4.0 coming? 3.0 continues?

**SDS:** Yes, our strategic direction is usually for the next 10 years or so. We are in the beginning of this strategic shift and we have a long runway ahead of us.

**SG:** Ten years from now, where do you see Infosys, in terms of the balance between different business segments, geographical balance, and position relative to competitors?

**SDS:** I think as an organisation as long as we are resourceful, we'll continue to innovate because innovation cannot stop at 3.0. Ten years from now I don't think we should be talking about any of these core areas. Three years ago, we couldn't have been discussing cloud computing and mobility and social networks. So, 10 years from now we should be discussing completely different things as technology is changing very fast.

**SG:** Still, in terms of the current balance between different business segments, do you see that changing?

**SDS:** I think the fundamentals are not changing: fundamentals such as the need to drive innovation and co-creation, build strategic partnerships, build conducive eco-systems—external and internal, recruit world-class talent, and leverage the global delivery model. I always think Infosys is like a platform. The bottom layer is the mission and the values; the next layer is our innovation capabilities; the next layer is our ability to run processes, our domain expertise and our execution capability. On top of that we have strong client relationships. So, it is layer after layer, and on top of this platform we are planting a number of service lines, and starting to develop new service lines. Today, for instance, we are exploring telematics and connected cars. Tomorrow, other things, for example, bio-informatics, could be big service lines. Like I said, this is a journey and we have to consistently evolve with changing times and keep reinventing ourselves to stay relevant to changing client priorities.

**SG:** Yours has been a very interesting journey. You have been with the company for a long time, from the beginning, and in many ways, the period during your tenure was probably one of the most challenging both internally and externally, as you have said. Trying to pull a major organisational transformation in that environment must have been challenging. What would you summarise as your major lessons learnt? In particular, what would you advise other CEOs of emerging market companies, in India, China, Brazil, and elsewhere, trying to lead their organisations through difficult transitions?

**SDS:** I believe that what is relevant today is not going to be relevant tomorrow. Staying relevant to changing client

requirements is therefore easier said than done. What has worked in the past, will not work in the future. Also, it is very difficult to argue with success. It is very difficult to be, and stay, a successful company. The more successful you are, the more you believe what you do is the right thing to do. So, when you are transforming a very successful company, you need to have conviction, patience, and nerves of steel. It is very important to respect the fundamentals—to make sure that the fundamentals of your business don't change. It is a marathon, not a sprint: there is no easy way out. There is a right time for change—if you don't change at that time, you may see your success evaporate very quickly, as we have seen hundreds of once successful companies disappear. At the same time you need to be open to corrections, be willing to adjust and adapt as time goes by. So, if you find that the basic direction is correct but execution is not working, you should be willing to change the execution part.

**SG:** What would be your advice to your successor to continue the work that you started?

**SDS:** CEOs operate in their own styles, in their own world. They operate in an organisation that has a certain operational and strategic direction. They operate in an external environment that determines some of their behaviour and they have a style of their own. It is the combination of these various factors that creates the person and the way he/she runs an organisation. So, as long as the strategic direction is the same, then the other factors are what he/she needs to consider. I would not say that their style should reflect my work. In fact, they should use their own style—they should react to their environment and business realities. Strategy is something that we should continue to execute, but specific decisions should reflect his/her own style and environment.

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